

Introduced by Senator Morrow

February 23, 1999

An act to add Section 19610.41 to the Business and Professions Code, relating to horse racing, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 592, as introduced, Morrow. Horse racing: possessory interest tax offset.

Existing law requires a racing association or fair that deducts a specified percentage of the amount handled by a racing meeting or satellite wagering facility, in lieu of any license or excise tax or fee being imposed by the city or county in which that meeting or facility is located, to first apply that deducted amount for the payment of ad valorem taxes on possessory interests in real property, before transmitting the remaining balance of the deducted amount to the city or county.

This bill would, pursuant to a city's filing of a claim with the Controller in the 1999–2000 fiscal year, require the reimbursement to that city from the General Fund of the total amount, otherwise transmitted to that city during the immediately preceding fiscal year, that was instead applied by a racing association or fair for the payment of ad valorem taxes on possessory interests in real property. This bill would, for the 1999–2000 fiscal year, appropriate from the General Fund to the Controller the total amount required to make these reimbursements.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of
2 the following:

3 (a) In 1995, the state required those associations or
4 fairs that conduct a racing meeting or operate a satellite
5 wagering facility to retain amounts deducted by those
6 associations or fairs under the authority of certain statutes
7 for the payment of ad valorem taxes on possessory
8 interests in real property held by those associations or
9 fairs.

10 (b) This requirement has had the effect of
11 commensurately reducing the amount of revenues
12 received by cities in which subject associations and fairs
13 conduct racing meetings or operate satellite wagering
14 facilities, and thereby seriously impacting the ability of
15 those cities to adequately fund basic public services.

16 (c) If the state had directly established a property tax
17 exemption with respect to possessory interests in real
18 property held by racing associations or fairs, state law
19 would have required the state, in the absence of a
20 contrary provision, to reimburse local entities for their
21 property tax revenue losses resulting from that
22 exemption.

23 (d) It is the intent of the Legislature in enacting this
24 act to offset the fiscal impact upon cities of a prior
25 legislative act that has the same fiscal result as a property
26 tax exemption.

27 SEC. 2. Section 19610.41 is added to the Business and
28 Professions Code, to read:

29 19610.41. (a) For the 1999–2000 fiscal year, both of
30 the following apply:

31 (1) Each city in which a racing meeting was
32 conducted or a satellite wagering facility was operated
33 during the immediately preceding fiscal year shall, upon

1 the filing of a claim by that city in accordance with
2 subdivision (b), receive a possessory interest tax
3 reimbursement amount.

4 (2) The possessory interest tax reimbursement
5 amount for a city in which a racing meeting was
6 conducted or a satellite wagering facility was operated
7 during the immediately preceding fiscal year is equal to
8 the total amount of revenue, deducted during that same
9 fiscal year pursuant to Section 19610.3 or 19610.4 with
10 respect to racing meetings conducted in that city or
11 satellite wagering facilities operated in that city, that was
12 retained pursuant to those sections for the payment of ad
13 valorem taxes on possessory interests in real property.

14 (b) (1) In each fiscal year, a claim filed by a city
15 pursuant to paragraph (1) of subdivision (a) is timely and
16 proper if it complies with all of the following:

17 (A) The claim is in the form of a resolution approved
18 by the governing body of the filing city that specifically
19 requests reimbursement pursuant to this section.

20 (B) The claim is filed with the Controller on or before
21 September 30, or, for the 1999–2000 fiscal year, on or
22 before November 1 of that fiscal year.

23 (C) The claim specifies the filing city's possessory
24 interest tax reimbursement amount and is filed with
25 written documentation confirming that specified
26 amount.

27 (2) On or before April 1 of each fiscal year, the
28 Controller shall pay each timely and proper claim filed
29 during that fiscal year.

30 (c) The Controller may audit any claim or payment
31 made pursuant to this section, or may request the State
32 Board of Equalization to audit any claim or payment as so
33 described.

34 (d) Any claim by a city that the reimbursement
35 requirements of this section have not been complied with
36 may be presented directly to the Legislature, and neither
37 Section 905.2 nor Section 945.4 of the Government Code
38 shall apply to that claim.

39 (e) For the 1999–2000 fiscal year, there is hereby
40 appropriated from the General Fund to the Controller,

1 for purposes of funding reimbursements pursuant to this
2 section, an amount equal to the total amount of possessory
3 interest tax reimbursement amounts for which valid
4 claims for payment may be filed in that fiscal year under
5 this section. The amount appropriated pursuant to this
6 subdivision for each fiscal year shall be determined by the
7 State Board of Equalization and certified by that board to
8 the Treasurer and the Controller no later than June 1 of
9 the immediately preceding fiscal year, except that the
10 amount appropriated pursuant to this subdivision for the
11 1999–2000 fiscal year shall be so determined and certified
12 no later than October 1 of that fiscal year. Any amounts
13 appropriated pursuant to this subdivision for a fiscal year
14 that are not required by this section to be paid to a city
15 during that fiscal year shall, at the end of that fiscal year,
16 revert to the General Fund.

17 SEC. 3. This act is an urgency statute necessary for the
18 immediate preservation of the public peace, health, or
19 safety within the meaning of Article IV of the
20 Constitution and shall go into immediate effect. The facts
21 constituting the necessity are:

22 In order to provide timely fiscal relief to cities that
23 provide public services that are essential to the profitable
24 and proper conduct of racing meetings and the operation
25 of satellite wagering facilities, it is necessary that this act
26 take effect immediately.

